

MARICOPA COUNTY LIBRARY DISTRICT BOARD OF DIRECTORS MINUTE BOOK

**FORMAL SESSION
January 4, 2006**

The Board of Directors of the Library District of Maricopa County Arizona convened in Formal Session at 9:00 a.m., January 4, 2006, in the Board of Supervisors' Auditorium, 205 W. Jefferson, Phoenix, Arizona, with the following members present: Don Stapley, Chairman, District 2; Fulton Brock, Vice Chairman, District 1, Andrew Kunasek, District 3, Max W. Wilson, District 4 and Mary Rose Wilcox, District 5. Also present: Fran McCarroll, Clerk of the Board; Shirley Million, Administrative Coordinator; David Smith, County Manager; Paul Golab, Deputy County Attorney and Anne Longo, Assistant Chief Counsel. Votes of the Members will be recorded as follows: aye-nay-absent-abstain.

LIBRARY DISTRICT AND FLOOD CONTROL DISTRICT

(The District Board of Directors convened concurrently with the Board of Supervisors and the Flood Control District for the following item.)

ESTABLISHMENT OF SELF-IMPOSED LIMITS ON PROPERTY TAX LEVY – LIBRARY DISTRICT

Item Summary. Amend the Budgeting for Results Guidelines and Priorities for FY 2006-07 for the Library District to advance the goal of reducing property tax rates by establishing self-imposed limits on the District property tax levies and by controlling expenditure increases. (C4906021801) (ADM2800-003)

Additional Information (Library District LD-1 and Flood Control District FCD-1). The language previously approved on December 5, 2005, will be amended by replacing the current "Property Taxes" paragraph with the following language:

Property Taxes:

The budget will advance the goal of reducing property tax rates by establishing self-imposed limits on the District property tax levy and by controlling expenditure increases.

- o In order to protect taxpayers from tax increases resulting from high valuation increases, the FY 2006-07 secondary tax levy on properties taxed in FY 2005-06 will increase by no more than 2%, which is equivalent to limits on primary property taxes.
- o The targeted overall increase in operating expenditures should be less than the combined rate of increase in population and inflation (as measured by the GDP Price Deflator), currently estimated at 5.3% for FY 2006-07. ~~To achieve this target, OMB is directed to identify non-essential programs and recommend their elimination.~~ TO ACHIEVE THIS TARGET THE DEPARTMENT OF MANAGEMENT AND BUDGET IS DIRECTED TO IDENTIFY POSSIBLE SAVINGS BY WORKING WITH DISTRICT STAFF AND ADVISORY BOARDS AND RECOMMENDING CORRESPONDING CHANGES TO THE BUDGET. (Note: This change was made by the Clerk prior to the vote.)

Sandi Wilson, Deputy County Manager, came forward to explain these two items, saying OMB would revise the Budgeting for Results Guidelines and Priorities for the Library District and the Flood Control District, as had been mentioned earlier in Chairman Stapley's acceptance address. She discussed new limits to the Secondary Tax Levy that will be self-imposed by the Districts to benefit taxpayers in the 2006-07 budget cycle. She related a history of the County's combined Property Tax Rate, which is currently at the lowest rate in 26 years. The current combined tax rate for these two Districts is 1.4611. Today's action, if approved, will lower this rate for the next fiscal year.

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Ms. Wilson said that several things contributed to Maricopa County's ability to keep such a low tax rate, one of which was through the repayment of all General Obligation Bonds in 2003. She said, "We are probably one of the largest, if not the largest, jurisdiction in the nation that does not have a General Obligation Bond for debt service. However, an even more important fact is the way the County pays for capital expenses and ongoing operating costs that is different from many jurisdictions that we see." She explained, "We have a pay-as-you-go financing policy that the Board of Supervisors has sponsored for us that we've been carrying out over the last several years. Because of that, we've repaid all our General Obligation Bonds and have not gone out to ask the voters for additional (bonds)." She explained that many jurisdictions use tax supported bonds as an "escape valve" to fund things that Maricopa County has not done, such as using bond funds for major maintenance or building renewals; vehicle and equipment replacement; computer systems and facilities for private or non-profit organizations in economic development. "Maricopa County pays for such things from the General Fund, and any reoccurring expenses are paid for with reoccurring revenues."

She referenced taxpayer concerns over the increase in property values and corresponding increases in their property taxes. The Primary Property Tax is subject to a "levy limit" and the County has reached their limit for this tax. Existing properties can only grow at 2% while new properties can be added to the Assessor's rolls. She explained that this forces property tax rates on primary rolls to decrease in a natural manner. Arizona State government does not impose a levy limit on secondary tax properties. She said, "Today's action will be to do something similar for both the Library and Flood Control Districts' Secondary Tax Levies by limiting them to the 2% limit as is on the County's Primary Property Tax levy." There will be no more than a 2% increase on existing properties in those Districts in their 2006-07 budgets and this will decrease their total budget since both Districts are primarily funded through property tax monies. However, both Districts believe they can continue to function satisfactorily despite the decreased funds. It is believed that the growth in population and new construction currently being experienced should allow these self-imposed levy restrictions and still produce enough money to adequately operate both Special Districts. The Flood Control and Library District levies only affect those two entities.

Chairman Stapley asked Ms. Wilson to explain the differences in uses for primary and secondary tax monies. She replied that the Primary Property Tax funds most government services; all criminal justice elements, the public health components and most of the services like the Recorder, the Assessor and the Treasurer. Secondary Taxes fund special districts and bonds.

Director Wilcox expressed concerns for both Districts, particularly the regional projects in the five-year plan the Flood Control District (FCD) has with cities and towns throughout the County. She asked if this limit would affect the amount budgeted for the plan.

Brian Hushek said it was difficult to know the answer to that until the valuations and tax roll are set by the Assessor on February 10 and once these reports are received they will be integrated into the forecast. He added, "We budget (our revenues) very conservatively to begin with" so it should not be a problem.

Chairman Stapley said that he had discussed this with the Assessor and, based on the averages the Assessor had shared, "It is very apparent to me that the valuations are going to be significant enough that this will not slow down any of the five-year CIP (Capital Improvement Projects)."

Director Wilcox cautioned, "Some years are not going to be as good as we have had it. In voting for this I hope that we evaluate it every year so we never leave the County "wanting" for projects that are very necessary for our communities."

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Chairman Stapley said he, personally, would vote for a five-year policy if he could but State Statute mandates an annual budget be set by Counties.

Because of the expected rise in assessed property valuations, Director Kunasek thanked the Chairman for placing these items on the agenda as a benefit to taxpayers. He said, "A little restraint, especially in good times, is the prudent thing to operate under."

Director Wilson wanted the voters to understand that rate increases in the taxes that they pay come from a variety of different taxes that have nothing to do with the County. He said the public needs to be aware that the Board is authorizing this voluntary secondary tax ceiling to protect them, "But, we don't control all the taxes in Maricopa County."

Chairman Stapley asked OMB what percent of an average tax bill actually comes to the County. The response was "it averages around 15% depending on any overrides and where the person lives, which regulates the school tax and assessments they pay."

Motion was made by Director Brock, seconded by Director Wilson, and unanimously carried (5-0) to amend the Budgeting for Results Guidelines and Priorities for FY 2006-07 for the Library District to advance the goal of reducing property tax rates by establishing self-imposed limits on the District property tax levies and by controlling expenditure increases.

PERSONNEL AGENDA

Motion was made by Director Wilcox, seconded by Director Brock, and unanimously carried (5-0) to approve the Library District Personnel Agenda (Exhibit D). Exhibit D will be found at the end of this set of minutes.

DONATION

Item Summary. Motion was made by Director Wilcox, seconded by Director Brock, and unanimously carried (5-0) to accept a cash donation, in the amount of \$2,341.62, to the Library District's North Valley Regional Library from the GFWC Anthem Women's Club.

Additional Information. These funds represent the final amount from the Library Brick Project the Women's Club conducted when the North Valley Regional Library in Anthem was opened in October 2004.

Budgetary Details. Approve an amendment to the budget increasing revenues and expenditures in the amount of \$2,341.62 (Department 650, Fund 244). (C6506015000) (ADM2800)

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was adjourned.

Don Stapley, Chairman of the Board

ATTEST:

Fran McCarroll, Clerk of the Board